FILE COPY

Supreme Court, U. S.
FILED
JAN 17 1973
MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1972

72-
No. 892

LOUIS ENDER, INC.,
Petitioner,

against

GENERAL FOODS CORPORATION,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

RESPONDENT'S BRIEF IN OPPOSITION

ROBERT MACCRATE,
WILLIAM T. STEPHENS,
Counsel for Respondent
General Foods Corporation,
48 Wall Street,
New York, New York 10005

SULLIVAN & CROMWELL,
Of Counsel.

January 17, 1973

COPY BOUND

INDEX

	PAGE
Opinions Below	1
Jurisdiction	2
The Questions Presented	2
Statutes Involved	2
Statement	3
Reasons for Denying the Petition	8
Conclusion	11

Table of Cases Cited

Louis Ender, Inc. v. *General Foods Corporation*, 169 U.S.P.Q. 92 (S.D.N.Y. 1971)	7
Louis Ender, Inc. v. *General Foods Corporation*, 341 F. Supp. 1015 (S.D.N.Y. 1972)	1
Louis Ender, Inc. v. *General Foods Corporation*, 467 F.2d 327 (2d Cir. 1972)	1
Sears, Roebuck & Co. v. *Stiffel Co.*, 376 U.S. 225 (1964)	9

Statutes Cited

Trademark Act of 1946	
Section 38 (15 U.S.C. §1120)	2, 8
Section 39 (15 U.S.C. §1121)	2, 8
Section 40 (15 U.S.C. §1122)	2
Judicial Code	
Section 1254(1) (28 U.S.C. §1254(1))	2
Section 1331(a) (28 U.S.C. §1331(a))	2
Section 1343(3) (28 U.S.C. §1343(3))	2, 7, 10
General Business Law, §368-d (McKinney 1968)	2, 4
New York Civil Practice Law and Rules (CPLR), §4404(b)	5

CLOSE IN CENTER

IN THE

Supreme Court of the United States

OCTOBER TERM, 1972

No. 892

LOUIS ENDER, INC.,

Petitioner,

against

GENERAL FOODS CORPORATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

RESPONDENT'S BRIEF IN OPPOSITION

Opinions Below

The opinion of the United States District Court for the Southern District of New York (Palmieri, D.J.), filed on February 7, 1972, is reported at 341 F. Supp. 1015. It is printed as Appendix A to the petition (A1-A5).

The opinions of the United States Court of Appeals for the Second Circuit (Kaufman, Hays and Oakes, C.J.), filed on September 29, 1972, are reported at 467 F.2d 327 and printed as Appendix B to the petition (B1-B13). Rehearing was denied on October 19, 1972.

Jurisdiction

Petitioner seeks to invoke jurisdiction pursuant to 28 U.S.C. § 1254(1) and 15 U.S.C. § 1122.

The Questions Presented

1. Does the cost of the unsuccessful defense of a state court action in which an injunction was granted to enjoin the use of a trademark on the alternative grounds of a contract between the parties and of the state law of unfair competition constitute "any damages sustained in consequence" of the federal registration of the trademark for which the unsuccessful party may recover in a District Court under 15 U.S.C. §§ 1120 and 1121?

2. Where in the course of a state court action tried without a jury the trial judge died after rendering a decision for the plaintiff but before ruling on defendant's motion for a new trial, where the successor judge in the trial court denied defendant's motion for a new trial, and where both the merits of defendant's motion for a new trial and the propriety of the successor judge's denial of that motion were presented to, considered by and rejected by the state appellate courts, can the state court defendant assert a claim against the state court plaintiff in a federal court under 28 U.S.C. § 1343(3) for deprivation of due process and equal protection of the law?

Statutes Involved

The statutes involved are Sections 38 and 39 of the Trademark Act of 1946 (15 U.S.C. §§ 1120 and 1121), Section 368-d of the New York General Business Law (McKinney 1968) and 28 U.S.C. §§ 1331(a) and 1343(3) which are set out in Appendix A to this brief.

COPY BOUND CL

Statement

This action arose out of General Foods' attempt to protect its rights in its trademark MAXIM for coffee.

By the spring of 1963 General Foods had developed a new "freeze-dried" coffee for which it desired to use the name "MAXIM". It determined that the mark was available, *i.e.*, that there existed no prior trademark rights in any person or company to the use of the name MAXIM on coffee or any related item which would be confusingly similar to the use on coffee.

A search did disclose that a wholesale grocery firm named Louis Ender, Inc. was the owner by assignment of a federal registration for a mark MAXIM for sardines. While it was not believed that this mark for sardines prevented the use of the name MAXIM on coffee, it was thought desirable by appropriate arrangements to foreclose any possible future dispute over the extent of any respective ownership rights. Consequently, in July 1963, General Foods, through an agent, reached an agreement with Louis Ender, Inc. whereby General Foods paid to Ender the sum of $10,000 and Ender agreed not to use the name "MAXIM" on "any coffee, coffee product, beverage, beverage product, or any preparation for use in making any beverage or beverage poduct". Ender also "consented" to General Foods' use and registration of the name MAXIM for coffee and acknowledged its belief that "such use of the name MAXIM is not likely to cause confusion or deception of purchasers."

Having adopted the name MAXIM for the new freeze-dried coffee, General Foods sought to establish common law trademark rights in the mark for coffee and to obtain a federal registration of those rights. The mark was first used in commerce on November 29, 1963 and its use was gradually expanded through a program of test-marketing begun in May 1964 into nation-wide distribution and sale by mid-December 1968.

SE IN CENTER

Based upon its use in commerce, General Foods filed an application on January 21, 1964 to register the trademark MAXIM for coffee on the Principal Register of the United States Patent Office. The examiner found that there were no prior or confusingly similar uses of the mark and that General Foods was entitled to such registration. There was no opposition to the registration and on September 1, 1964 the registration was granted.

The State Court Action

In the fall of 1965 Ender began for the first time to sell fruit and vegetable juices under the name MAXIM. General Foods first learned of this in January 1967 and immediately demanded of Ender that it cease the sale of beverages under the name MAXIM. Ender continued to sell beverages under the name MAXIM and in May 1967 General Foods brought an action for a permanent injunction in the New York State Supreme Court, Westchester County, to enjoin the use of MAXIM on beverage or beverage products.

General Foods' complaint in the State Court alleged two causes of action. The first cause of action was for breach of contract by Ender using the name MAXIM on "beverages". The second cause of action was for unfair trade practices based upon New York General Business Law § 368-d which provides:

> "Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services."

COPY BOUND CL

Ender defended against the first cause of action by asserting that its sale of fruit and vegetable juices did not violate the agreement because fruit and vegetable juices are not beverages and defended against the second cause of action by asserting that its sale of juices did not result in injury to General Foods. Ender also asserted a defense of "unclean hands" alleging that General Foods procured its federal trademark registration by means of false and fraudulent representations in its registration application.

Following a trial during 1969 before Mr. Justice John H. Galloway, Jr., sitting without a jury, Justice Galloway rendered a comprehensive decision on March 4, 1971 finding in favor of General Foods on both causes of action and granting the permanent injunction requested.

Later in March 1971 Ender made a motion for a new trial asserting as "new evidence" certain television commercials by the Maxwell House Division of General Foods which Ender alleged contradicted testimony at the trial. Justice Galloway was killed in an automobile accident before ruling on Ender's motion and Ender renewed the motion before Justice Frank S. McCullough, the administrative judge of the Supreme Court, Westchester County. General Foods opposed the original motion on its merits and opposed the renewed motion in addition on the grounds that pursuant to New York Civil Practice Law and Rules §4404(b) only the trial judge could grant a new trial.

After reviewing all of the papers submitted to Justice Galloway in favor of and in opposition to the original motion and the papers submitted in favor of and in opposition to the renewed motion, and after hearing oral argument upon the matter, Justice McCullough denied the motion for a new trial, stating that:

> "It would be presumptuous indeed for this court, of concurrent jurisdiction, to entertain an attack on that decision even if it had the authority to do so.

OSE IN CENTER

> This is not to say that an Appellate Court is foreclosed from passing on the merits of the motion, and it would seem that the appropriate time would be at the same time as it reviews the decision and the judgment on the original action, which defendant has indicated it would appeal."

Ender did separately appeal both from the judgment in favor of General Foods and from the order denying Ender's motion for a new trial. On appeal the Appellate Division unanimously affirmed both the judgment and the order denying the motion for a new trial. Ender then moved for leave to appeal to the Court of Appeals and that motion was denied by the Court of Appeals. Ender next moved for reargument of its motion for leave to appeal and again the Court of Appeals denied Ender's motion. In both its motion for leave to appeal and its motion for reargument, Ender asserted that Justice McCullough's denial of the motion for a new trial denied Ender due process and equal protection of the laws.

The Federal Action

On July 16, 1970, while the state court action was *sub judice* before Justice Galloway, Ender filed the original complaint in this action alleging that General Foods had procured its federal registration of MAXIM for coffee by submitting an application to the Patent Office which contained false and fraudulent representations that General Foods believed it was the owner of the mark and that, to the best of its knowledge, no one else had the right to use the identical mark or a confusingly similar mark. The complaint further alleged that Ender had been damaged by the allegedly fraudulent registration in that Ender had been forced to defend the state court action. The complaint asked for cancellation of General Foods' registration and

COPY BOUND

for damages incurred by Ender by having to defend the state court action.

General Foods moved in the District Court to dismiss the complaint and Ender cross-moved for summary judgment.

District Judge Palmieri denied Ender's cross-motion for summary judgment, denied General Foods' motion for dismissal without prejudice to its renewal at a later time and stayed all further proceedings to abide the decision in the state court action. *Louis Ender, Inc.* v. *General Foods Corporation,* 169 U.S.P.Q. 92 (S.D.N.Y. 1971)

Following the state court decision and Ender's exhaustion of appellate review in the state courts, General Foods renewed its motion in the District Court to dismiss the complaint and also moved for summary judgment on the grounds of collateral estoppel. Ender responded by filing an amended complaint adding the allegations that General Foods falsely and fraudulently represented that it used the mark MAXIM for coffee in commerce and a purported second cause of action under 28 U.S.C. § 1343(3) alleging that it had been denied due process and equal protection by the denial of its motion for a new trial.

General Foods moved again for summary judgment, or in the alternative, for dismissal of the amended complaint. District Judge Palmieri granted summary judgment in favor of General Foods dismissing Ender's complaint on the grounds that Ender's claim of fraudulent conduct on the part of General Foods was "without merit", that the underlying issues had been "finally and conclusively determined" against Ender and that "no discernible constitutional questions" were posed.

On appeal the United States Court of Appeals affirmed the dismissal of the complaint upon the grounds that petitioner failed to state a claim for which relief could be

LOSE IN CENTER

granted under the Trademark Act and that respondent in no way deprived petitioner of any constitutional right.

With respect to Ender's first cause of action, the Court of Appeals found that, since the only damage alleged was the expense of the state court action and since General Foods' federal trademark registration had been irrelevant to the state action, Ender had failed to allege "any damages sustained in consequence" of the registration, and could not, therefore, maintain an action under 15 U.S.C. §§1120 and 1121. With respect to the second cause of action Judge Hays found that no conduct of General Foods had resulted in depriving Ender of any constitutional right and that the issues sought to be raised must be presumed to have been conclusively decided against Ender by the state courts. Judge Oakes, in a concurring opinion, agreed that "under no construction of the facts can it be claimed that General Foods' conduct damaged Ender or deprived it of any fourteenth amendment rights under color of state law." Judge Kaufman, in a further concurring opinion, found on the merits that Ender had not been deprived of due process or equal protection of the law.

Reasons for Denying the Petition

I

The decision turns on the unique facts of this extended private litigation in the state and federal courts and is without constitutional or precedential significance. No other litigant will be in any way affected by the judgment below.

II

No important question of trademark law is involved. The first claim under the Trademark Act was dismissed because, under the particular facts involved, petitioner failed to

COPY BOUND C

state a claim for relief in that it failed to allege any damage "sustained in consequence of" the allegedly wrongful conduct. Thus the only question raised is whether petitioner's claim for its costs incurred in the defense of the state court action brought by respondent and as to which respondent's federal trademark registration was irrelevant, constitutes a claim for "damages sustained in consequence" of an allegedly fraudulent federal registration. This question is without substance and has no significance beyond the determination of this action.

III

The decision below is consonant with prior decisional law. The only case cited by petitioner in its Reasons for Granting the Writ, *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964), in no way conflicts with the decision below and is irrelevant to the facts of this case. In the *Sears* case the question was whether a State's unfair competition law can, consistently with the federal patent law, impose liability for or prohibit the copying of an article which is protected by neither a federal patent nor a copyright. 376 U.S. at 225. This Court decided that it could not. However, the principle enunciated in *Sears*, while applicable to the patent and copyright fields where federal law creates a statutory monopoly, is not applicable to and has not been applied to, the field of trademarks. Federal trademark law merely recognizes and provides for the registering of trademark rights established under common law. Furthermore, regardless of the breadth of application of the *Sears* case, no question as to the propriety of state protection of trademarks has been raised by petitioner in this action and that is not a proper subject for review in this Court.

LOSE IN CENTER

IV

Petitioner's second claim for purported deprivation of civil rights under 28 U.S.C. §1343(3) arises out of the application by the Courts of New York of the New York State Civil Practice Law and Rules with respect to motions for a new trial. In denying petitioner's motion for a new trial, the successor to the trial judge questioned his own authority under the New York rules of procedure to grant petitioner's motion while stating that, even if he had authority to grant petitioner's motion, he would not do so in view of the trial judge's thorough and exhaustive determination. The successor judge, in the exercise of discretion, denied petitioner's motion and the state appellate courts thoroughly reviewed and affirmed that action.

This exercise of judicial discretion and application of state rules of procedure do not raise any substantial federal or constitutional questions warranting review by this Court.

V

Petitioner's assertion in its second claim of a denial of due process and equal protection of the law is totally unsubstantiated. Respondent in no way infringed petitioner's civil rights. The denial of petitioner's motion for a new trial was by the state courts in proceedings properly reviewable only on appeal. Moreover, even if a court's denial of a motion for a new trial could support a claim under 28 U.S.C. §1343(3) against a private party, petitioner's claim was thoroughly reviewed and considered in the state courts and petitioner was given every opportunity to present its claims. Both the substance of petitioner's motion for a new trial and the challenge to the constitutionality of the denial of that motion were presented to the state appellate courts and were found to be without merit. Petitioner's totally

COPY BOUND CL

unsubstantiated assertion of a denial of due process and equal protection of the law provides no basis for granting a writ of certiorari.

CONCLUSION

The petition for a writ of certiorari to the United States Court of Appeals for the Second Circuit should be denied.

Respectfully submitted,

ROBERT MACCRATE,
WILLIAM T. STEPHENS,
48 Wall Street,
New York, New York 10005
Counsel for Respondent
General Foods Corporation,

SULLIVAN & CROMWELL,
48 Wall Street
New York, New York 10005
Of Counsel

SE IN CENTER

APPENDIX A

Statutes Involved

Sections 38 and 39 of the Trademark Act of 1946 (15 U.S.C. §§ 1120, 1121) provide:

> "§ 1120. [*Remedies*]; *Civil Liability for false or fraudulent registration.*
>
> Any person who shall procure registration in the Patent Office of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof."

> "§ 1121. [*Remedies*]; *jurisdiction of Federal courts.*
>
> The district and territorial courts of the United States shall have original jurisdiction and the courts of appeal of the United States shall have appellate jurisdiction, of all actions arising under this chapter, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties."

Section 368-d of the New York General Business Law (McKinney 1968) provides:

> "§ 368-d. *Injury to business reputation; dilution.*
>
> Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark of trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services."

28 U.S.C. § 1331(a) provides:

"§ 1331. *Federal question; amount in controversy; costs.*

(a) The district courts shall have original jurisdiction of civil actions wherein the matter in controversy exceeds the sum or value of $10,000 exclusive of interest and costs; and arises under the constitution, laws, or treaties of the United States."

28 U.S.C. § 1343(3) provides:

"§ 1343. *Civil Rights and Elective Franchises:*

The district courts shall have original jurisdiction of any civil action authorized by law to be commenced by any person:

• • • • •

(3) To redress the deprivation, under color of any state law, statute, ordinance, regulation, custom or usage, of any right, privilege or immunity secured by the Constitution of the United States, or by any Act of Congress providing for equal rights of citizens or of all persons within the jurisdiction of the United States;"